

Official Statement**Rio San Diego Municipal Water District
San Diego County, California***no slip*
\$5,000,000**1976 Water Bonds, Series A****(General Obligations)**INSTITUTE OF GOVERNMENTAL
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JUL 27 1976

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Bids to be received by the Secretary of the District at the offices of
California First Bank—Trust Department, Second Floor, 530 "B" Street,
San Diego, California 92101, at 11:00 A.M., Tuesday, August 17, 1976.



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RIO SAN DIEGO MUNICIPAL WATER DISTRICT
San Diego County, California

BOARD OF DIRECTORS

Harold S. Rakowski, *President*

George R. Ribley, *Vice-President*

William A. Pogue, Jr., *Treasurer*

Alex L. Adams

Robert M. Smith

DISTRICT STAFF

Edwin W. Houser, *Manager-Engineer*

M. Gale Ruffin, *Assistant Manager-Engineer*

Barbara J. Reed, *Secretary*

Wallace R. Peck
Jennings, Engstrand & Henrikson,
A Professional Law Corporation, *San Diego*
General Counsel

SPECIAL SERVICES

James M. Montgomery Consulting Engineers, Inc.
La Jolla

O'Melveny & Myers, *Los Angeles*
Bond Counsel

Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*
Financing Consultants

California First Bank, *San Diego and Los Angeles*

Chase Manhattan Bank, N.A., *New York City*

Continental Illinois National Bank & Trust Co., *Chicago*
Paying Agents

THE DATE OF THIS OFFICIAL STATEMENT IS JULY 21, 1976

Rio San Diego Municipal Water District

(714)448-3111

10887 Woodside Ave., P.O. Box 70
Santee, California 92071

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$5,000,000 1976 Water Bonds, Series A, authorized and issued for the purpose of assisting in the financing of water system improvements and paying of expenses in connection with bond issuance.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Rio San Diego Municipal Water District with regard to the District's 1976 Water Bonds, Series A. (Such firm will receive compensation from the District contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, Notice Inviting Bids, proposed project improvements, financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Secretary of the District for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

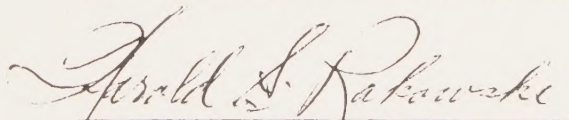
The Official Statement does not constitute a contract with the buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, is available to any prospective bidder on request from said Secretary.

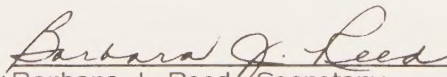
The legal opinion, approving the validity of the Bonds, will be furnished by O'Melveny & Myers, Los Angeles, California, Bond Counsel to the District, (see "Legal Opinion"). Bond Counsel's participation in the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions as set forth herein under the caption "The Bonds".

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the District.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT


Harold S. Rakowski, President


Barbara J. Reed, Secretary

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Vicinity map showing the Rio San Diego Municipal Water District (shaded area) and its location within San Diego County. The eastern portion of the District constitutes Improvement District No. 1.

INTRODUCTION

The \$5,000,000 principal amount of Rio San Diego Municipal Water District (the "District") 1976 Water Bonds, Series A, which are currently being offered for sale represents the initial sale of \$8,400,000 authorized by more than two-thirds of the voters voting at a district-wide election on March 2, 1976. The Bonds are general obligations of the District, and are secured by and payable from the District's power and obligation to levy unlimited property taxes. Bond proceeds will be used to finance improvements to the District's water system so as to enable the District to receive, store and deliver Feather River water from Northern California via the State Water Project when such water becomes available in Summer 1977. Certain other projects, estimated at \$1.9 million, will be financed by the San Diego County Water Authority pursuant to an agreement with the District.

The District currently receives Colorado River water as a member of the San Diego County Water Authority which in turn is a member of the Metropolitan Water District of Southern California. The District wholesales water to the Lakeside Irrigation District; Rio San Diego Municipal Water District—Improvement District No. 1; Riverview Water District; and the Santee County Water District. The four districts then sell water to their respective retail customers. As of July 1, 1976, the combined water connections totaled 16,784. The District also sells water to San Diego County for a county owned and operated park.

The District is located in south-central San Diego County about 25 miles east of the City of San Diego. The District was formed in 1955 and comprises about 85 square miles. It is governed by a five-member Board of Directors elected for overlapping four-year terms. A special census conducted by the San Diego County Planning Office as of April 1975

reported the District's population to be 72,274, as compared to the 1970 Federal census total of 51,506. Home values in the District range from \$30,000 to over \$100,000 with an average of \$45,000.

The District is mostly unincorporated but includes a number of separate communities, principally residential in character. The District is adjacent to the City of El Cajon and a well-developed commercial and industrial center. Two freeways provide access to the entire San Diego Metropolitan Area and beyond, thus allowing District residents to avail themselves of employment, recreational and cultural activities of the entire region.

The District's 1975/76 assessed valuation was \$151,421,847. Since 1971/72, the assessed valuation has increased from \$91,455,895, or 66%. Preliminary 1976/77 assessed valuations of the District for the local secured and unsecured rolls only are reported by the San Diego County Auditor-Controller to be \$198,972,089. This substantial increase is due primarily to reassessment of existing property. It is noted that there is a building moratorium imposed on a portion of the District as detailed in the section of this official statement entitled "Economy of the District."

For the period 1970/71-1974/75, secured tax delinquencies averaged 4.56%. Total collections, including prior years' collections, penalties and interest, averaged 98.5% of the current levy over the same period. Including the Series A Bonds currently offered, the District's outstanding general obligation bonded debt will be \$5,100,000 as of the sale date of the Bonds. The District's total direct and estimated gross and net overlapping debt will be \$22,480,759 and \$19,625,310, respectively, or 14.85% and 12.96% of the 1975/76 assessed valuation.

THE BONDS

Authority for Issuance

At a special district-wide election held on March 2, 1976, voters of the Rio San Diego Municipal Water District ("the District") authorized the issuance of \$8,400,000 of general obligation bonds by a vote of 3,894 to 718 (84.4 percent).

The \$5,000,000 1976 Water Bonds, Series A ("the Bonds") now being offered for sale represent the first series of the \$8,400,000 authorization. The Bonds will be issued pursuant to the provisions of a resolution of the District Board of Directors adopted July 21, 1976. Proceeds from the sale of the Bonds will be used to finance water system improvements in the District. The District does not now anticipate selling the remaining authorized bonds within the foreseeable future.

Terms of Sale

Bids for the purchase of the Bonds will be received by the Secretary of the Board of Directors of the Rio San Diego Municipal Water District at 11:00 A.M., Tuesday, August 17, 1976, at the offices of California First Bank, Trust Department, Second Floor, 530 "B" Street, San Diego, California 92101. It is anticipated that award of the Bonds to the successful bidder will be made by the Board of Directors at its meeting later on the same date. Details of the terms of sale are included in the Notice Inviting Bids dated July 21, 1976, a copy of which accompanies this official statement.

Description of the Bonds

The \$5,000,000 principal amount of 1976 Water Bonds, Series A, will be dated September 1, 1976 and will be issued in denominations of \$5,000 each. The Bonds will be numbered A1 through A1000 and will be payable annually on September 1 of each year as shown in the tabulation opposite.

Interest is payable semi-annually on the first days of March and September in each year commencing March 1, 1977. Interest and principal are payable at the main offices of the California First Bank

(Trust Department), San Diego or Los Angeles, California; Chase Manhattan Bank N.A., New York City; or Continental Illinois National Bank and Trust Co., Chicago, Illinois.

MATURITY SCHEDULE

Maturity Date Sept. 1	Principal Amount	Maturity Date Sept. 1	Principal Amount
1977 ...	\$ 70,000	1990 ...	\$190,000
1978 ...	75,000	1991 ...	205,000
1979 ...	85,000	1992 ...	220,000
1980 ...	90,000	1993 ...	235,000
1981 ...	95,000	1994 ...	255,000
1982 ...	105,000	1995 ...	270,000
1983 ...	110,000	1996 ...	290,000
1984 ...	120,000	1997 ...	315,000
1985 ...	130,000	1998 ...	340,000
1986 ...	140,000	1999 ...	365,000
1987 ...	150,000	2000 ...	390,000
1988 ...	160,000	2001 ...	420,000
1989 ...	175,000		

Redemption Provisions

Bonds maturing on or before September 1, 1991, a total principal amount of \$1,900,000, are not subject to call and redemption prior to their fixed maturity dates. Bonds maturing on or after September 1, 1992, a total principal amount of \$3,100,000, are subject to call and redemption, at the option of the District, as a whole or in part in inverse order of maturity and by lot within a single maturity on September 1, 1991, or on any interest payment date thereafter, upon payment of a redemption price equal to the principal thereof plus a premium of one-fourth of one percent of such principal amount for each year or fraction of a year from the redemption date to the maturity date of the Bonds called for redemption. The maximum premium payable upon call of the Bonds for redemption on or after September 1, 1991 would be two and one-half percent.

Notice of Redemption

Notice of redemption is to be published in a newspaper of general circulation in the County of San Diego, California and a financial newspaper or financial journal, published in the City of New York, New York. The first publication must be at least 30 days but not more than 60 days prior to the redemption date. The paying agent is required to give written notice to the owners of any registered Bonds.

Registration

The Bonds will be issued as coupon bonds and will be registrable only as to both principal and interest, with the privilege of discharge from registration and re-registration, all in accordance with the provisions in the resolution providing for the issuance of the Bonds.

Purpose of Issue

The proceeds from the sale of the Series A Bonds will be used to finance construction of a reservoir and other storage facilities, acquisition of sites and other improvements to the District's existing water supply system so as to allow receipt, storage and delivery of water from the State Water Project. The improvements to be constructed are detailed in the section of this official statement entitled "The Project."

Tax Exempt Status

In the opinion of Bond Counsel, interest on the Bonds is exempt from present federal income taxes and from State of California personal income taxes under existing statutes, regulations and court decisions.

Security

The Bonds are general obligations of the Rio San Diego Municipal Water District and the District has the power and is obligated to levy annual ad valorem taxes for payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation as to rate or amount. The foregoing obligations, however, may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights. At the option of the Board of Directors, other District funds which are not special purpose funds restricted by law to specific uses may be used to meet Bond service.

Legal Opinion

The unqualified opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel for the District, attesting to the validity of the Bonds, will be supplied free of charge to the purchaser of the Bonds. A copy of the legal opinion, certified by the official in whose office the original is filed, will be printed on each Bond without charge to the successful bidder.

The statements of law and legal conclusions set forth in this official statement under the heading "The Bonds" have been reviewed by Bond Counsel. Bond Counsel's employment is limited to a review of the legal proceedings required for the authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation (see section hereof entitled "Tax Exempt Status"). The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds, including this official statement, not mentioned in this paragraph.

Certificate Concerning Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the successful bidder a certificate, signed by an appropriate officer of the District, acting in his official capacity, to the effect that to the best of his knowledge and belief, and after reasonable investigation: (a) Neither the official statement relating to the Bonds nor any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (b) since the date of the official statement no event has occurred which should have been set forth in an amendment or supplement to the official statement which has not been set forth in such an amendment or supplement; nor (c) has there been any material adverse change in the operation or financial affairs of the District since the date of such official statement.

Other Closing Documents

In addition to the opinion of Bond Counsel and the Certificate Concerning Official Statement described above, the District will, at the time of delivery of the Bonds, furnish the purchaser the following documents, all to be dated as of the date of delivery:

1. *Arbitrage Certificate.* A certificate of a responsible officer of the District certifying that, on the basis of the facts and circumstances in effect at the time of delivery of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner that will cause the Bonds to be arbitrage bonds.

2. *Signature—No Litigation Certificate.* A certificate of the respective officers and representatives of the District showing that they have signed the Bonds by manual or facsimile signature, that they were duly authorized to execute the same, and that there is no litigation threatened or pending affecting the validity of the Bonds.

3. *Treasurer's Receipt.* The receipt of the Treasurer of the District showing that the purchase

price of the Bonds, including accrued interest to the date of delivery (if any), has been received by the District.

Estimated Annual Bond Service

Table 1 presents an estimate of annual bond service for the \$5,000,000 principal amount of 1976 Water Bonds, Series A. Interest is estimated at 7½ percent. Actual bond service on the District's outstanding 1956 general obligation bonds is also shown. Based on the District's preliminary 1976/77 assessed valuation and an eight percent interest rate (the legal maximum), the tax rate necessary to meet debt service on both outstanding 1956 Bonds and the Series A Bonds in 1976/77 would be \$.2335 per \$100 assessed valuation.

Table 1
RIO SAN DIEGO MUNICIPAL WATER DISTRICT
Estimated Annual Bond Service

Year Ending Sept. 1	Estimated Bond Service, 1976 Bonds, Series A				1956 Bonds Actual Bond Service	Grand Total
	Principal Outstanding	Interest at 7½ %	Principal Maturing Sept. 1	Total Bond Service		
1977	\$5,000,000	\$ 375,000	\$ 70,000	\$ 445,000	\$ 13,750	\$ 458,750
1978	4,930,000	369,750	75,000	444,750	13,375	458,125
1979	4,855,000	364,125	85,000	449,125	13,000	462,125
1980	4,770,000	357,750	90,000	447,750	12,625	460,375
1981	4,680,000	351,000	95,000	446,000	12,250	458,250
1982	4,585,000	343,875	105,000	448,875	11,875	460,750
1983	4,480,000	336,000	110,000	446,000	11,500	457,500
1984	4,370,000	327,750	120,000	447,750	11,125	458,875
1985	4,250,000	318,750	130,000	448,750	10,750	459,500
1986	4,120,000	309,000	140,000	449,000	10,375	459,375
1987	3,980,000	298,500	150,000	448,500	—	448,500
1988	3,830,000	287,250	160,000	447,250	—	447,250
1989	3,670,000	275,250	175,000	450,250	—	450,250
1990	3,495,000	262,125	190,000	452,125	—	452,125
1991	3,305,000	247,875	205,000	452,875	—	452,875
1992	3,100,000	232,500	220,000*	452,500	—	452,500
1993	2,880,000	216,000	235,000*	451,000	—	451,000
1994	2,645,000	198,375	255,000*	453,375	—	453,375
1995	2,390,000	179,250	270,000*	449,250	—	449,250
1996	2,120,000	159,000	290,000*	449,000	—	449,000
1997	1,830,000	137,250	315,000*	452,250	—	452,250
1998	1,515,000	113,625	340,000*	453,625	—	453,625
1999	1,175,000	88,125	365,000*	453,125	—	453,125
2000	810,000	60,750	390,000*	450,750	—	450,750
2001	420,000	31,500	420,000*	451,500	—	451,500
Totals		\$6,240,375	\$5,000,000	\$11,240,375	\$120,625	\$11,361,000

*Callable on or after September 1, 1991.

THE PROJECT

The Improvement Program

The District currently receives its water solely from the Colorado River. This water requires only chlorination to ensure safe drinking water. However, in Summer 1977 the District will begin to receive water from the Feather River via the State Water Project. The State Health Department requires the resulting blended water to be fully treated. Treatment will be accomplished through agreement with the San Diego County Water Authority but the existing District facilities are inadequate for receipt, storage and delivery of this new source of water.

Bond Financed Projects

Proceeds from the sale of the Bonds currently offered will be used to finance construction of the 15 million gallon Woodside Reservoir, two storage tanks, two major pipelines, a metering station and other necessary system additions and modifications. The major project is the reservoir which will provide storage to meet peak demands and for emergencies.

Based on construction bids received July 15-16, 1976, and on engineering estimates, the estimated cost of the various projects is as shown below in Table 2. The apparent successful bidders were C. E. Wylie Construction Company, San Diego for the reservoir and Metro Young Construction Co., San Diego for the Moreno Valley pipeline (see Table 3).

Table 2

Estimated Project Costs

Bond Financed Projects

Woodside Reservoir	\$2,150,000 ^①
Pipeline—River Street to El Monte Pump Station	485,000 ^{②③}
Pipeline—Rio No. 4 connection	25,000 ^③
Pipeline modifications	25,000 ^③
Storage tanks	825,000 ^③
Telemetry	500,000 ^③
Contingencies	500,000
Engineering, inspection and testing ..	430,000
Costs of bond issuance	60,000
Total Bond Issue	\$5,000,000

^① Based on construction bids.

^② 16.67% of costs of a portion of the pipeline; remainder to be financed by San Diego County Water Authority.

^③ Based on engineering estimates by consulting engineers of the District.

County Water Authority Financed Projects

In addition to the aforementioned improvements to be financed from Bond proceeds, certain pipelines, metering stations, pump stations and a pressure reducing station that are part of the improvement program will be financed by the San Diego County Water Authority (the "Authority") pursuant to an agreement between the District and Authority dated February 20, 1976.

These projects and their costs are summarized in Table 3 below, based on construction bids received July 16, 1976 and engineering estimates. The maximum payable by the Authority under the agreement is \$1,900,000.

Table 3
Estimated Project Costs
County Water Authority Financed

Pipeline—Moreno Valley	\$ 460,000 ^①
Pipeline—River Street to El Monte Pump Station	760,000 ^{②③}
Metering Station—Rio to Lakeside @ Channel	35,000 ^③
Metering Station—Rio to Lakeside @ Julian	55,000 ^③
Metering Station—Laurel at w/o Pino	25,000 ^③
Pressure Reducing Station	15,000 ^③
Metering and Pump Station to River- view	120,000 ^③
Pump Station to Lakeside	120,000 ^③
Pipeline modifications	25,000 ^③
Engineering and contingencies	285,000
Total	\$1,900,000

① Based on construction bids.

② 83.33% of cost; remainder financed by District.

③ Based on engineering estimates by District consulting engineers.

Project Schedule

The contract for reservoir construction requires completion within fifteen months. It is anticipated construction will commence in October 1976 and be completed by January 1978. The Moreno Valley pipeline construction will begin in October 1976 and be completed in five months in accordance with the contract.

The other projects, to be financed by the District bond issue and the Authority, will have construction contracts let and be under construction by January 1977 with completion by June 1977.

Environmental Considerations

The project is subject to the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 et seq.). Environmental impact assessments were made and negative declarations adopted by the Board of Directors on April 13, 1976. Notices of Determination were filed with the San Diego County Clerk on May 12, 1976.

Improvement District No. 1 Project

In addition to the above described improvements, the District received on July 16, 1976 construction bids for a pipeline to be constructed from the El Monte pumping station to Improvement District No. 1 of the Rio San Diego Municipal Water District. This project will be entirely financed by sale on August 17, 1976 of \$600,000 principal amount 1961 Waterworks Bonds, Series 2, (general obligations) of said Improvement District. Details of this issue are contained in a separate official statement.

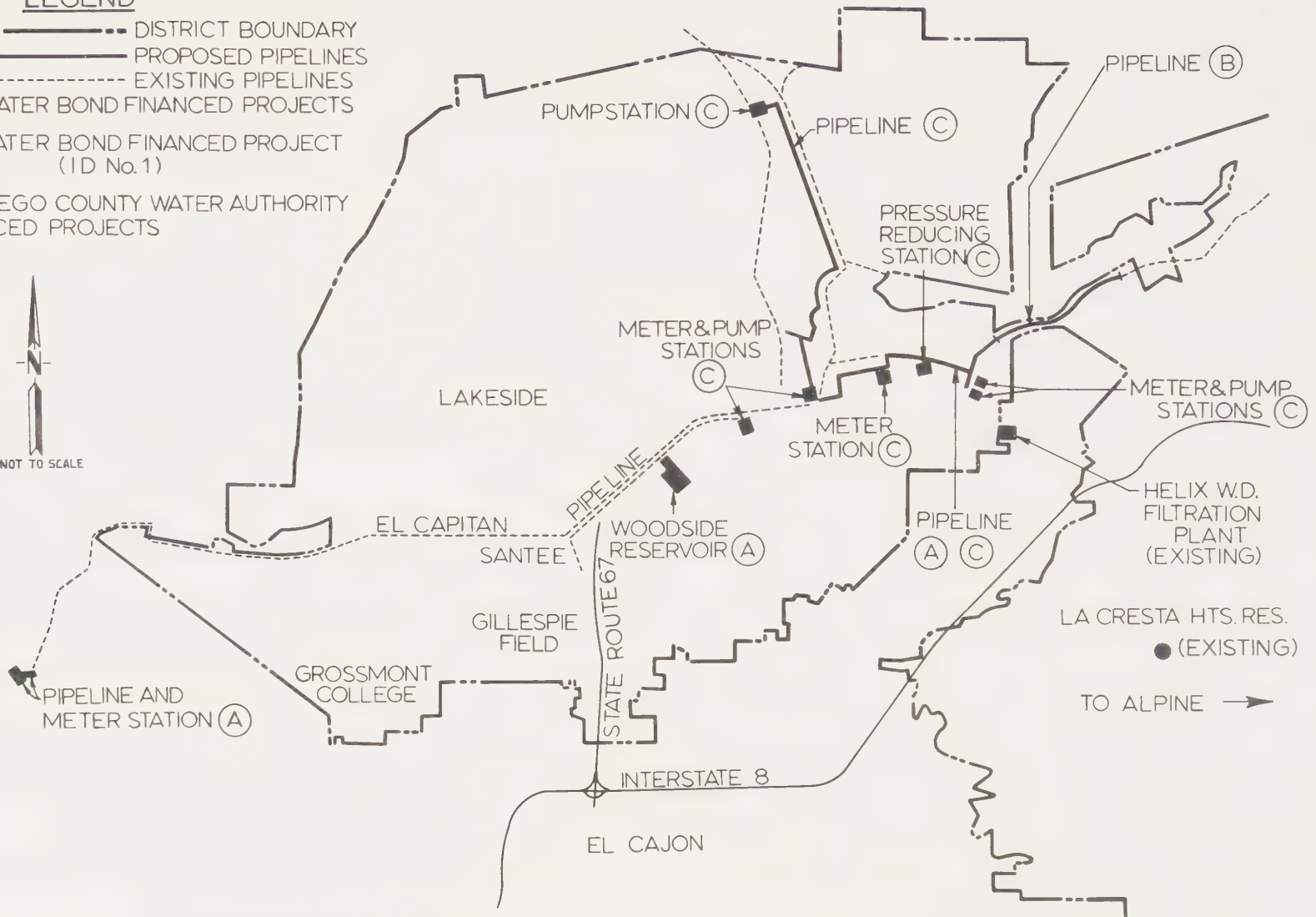
Additional Financing

The District does not now anticipate sale of additional 1976 Water Bonds in the foreseeable future. Further, the District does not anticipate the need for any additional personnel as a result of the improvement program described above.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT WATER SYSTEM IMPROVEMENT PROGRAM

LEGEND

- DISTRICT BOUNDARY
- PROPOSED PIPELINES
- - - EXISTING PIPELINES
- (A) 1976 WATER BOND FINANCED PROJECTS
- (B) 1961 WATER BOND FINANCED PROJECT (I D No. 1)
- (C) SAN DIEGO COUNTY WATER AUTHORITY FINANCED PROJECTS



Map showing the proposed water system improvement program of the Rio San Diego Municipal Water District. Projects to be financed with bond funds and by the San Diego County Water Authority are shown, as well as certain existing facilities.

DISTRICT ORGANIZATION AND FACILITIES

Formation and Organization

The Rio San Diego Municipal Water District was formed in 1955 pursuant to the Municipal Water District Law of 1911 (California Water Code Section 71000 et seq.). The District was formed to provide for a supplemental water supply to its residents. The District is governed by a five-member Board of Directors elected on a staggered basis for four-year terms. The present board members and manager-engineer are as follows:

Harold S. Rakowski — *President of the Board*. Mr. Rakowski is an insurance broker and has served on the board since 1958.

George R. Ribley — *Vice President of the Board*. Mr. Ribley, a retired businessman, has served on the board since 1958.

William A. Pogue, Jr. — *Board member and Treasurer of the District*. Mr. Pogue is a real estate broker and has served on the board since 1971.

Alex L. Adams — *Board member*. Mr. Adams, a retired rancher, has served on the board since 1961. Mr. Adams is also President of the California Association of Resource Conservation Districts.

Robert M. Smith — *Board member*. Mr. Smith is a retired rancher and has served on the board since 1967. Mr. Smith is also a commissioner for Zone 2 of the San Diego County Flood Control District.

Edwin W. Houser — *Manager-Engineer*. Mr. Houser has served as the District Manager-Engineer since July 1962. He holds a Bachelor of Science Degree in civil engineering from the University of Illinois. Prior to joining the District, Mr. Houser was engaged in engineering consulting.

The District and the Santee County Water District currently employ 67 full-time employees and the cost of their salaries is shared by the two districts on various percentage bases, depending on the job function of the particular employee.

The District comprises a total of about 85 square miles and is located about 25 miles east of the City of San Diego and is immediately north and east of the City of El Cajon. The District includes the unincorporated communities of Alpine, Harbison Canyon, Crest, Lakeside and Santee.

The District includes two Improvement Districts. Both are governed and operated by the overall District's Board of Directors and staff and have no separate employees. Improvement District No. 1, comprising about 53 square miles, includes the communities of Alpine, Harbison Canyon and Crest.

This Improvement District was formed in 1961 to finance transmission lines and storage facilities to receive water from the San Diego County Water Authority Aqueducts, thus ensuring a constant supply of water.

Improvement District No. 2, located entirely within Improvement District No. 1, was formed in 1968 to finance improvement of a private water system acquired by the District. General obligation bonds in the amount of \$200,000 were authorized but the improvements have not been necessary and no bonds have been sold or special property tax levied within Improvement District No. 2. The District does not anticipate a change in the current status.

District Facilities

At present, the overall District owns a chlorination station and is purchasing a portion of the El Capitan pipeline from the City of San Diego. All other reservoirs, pipelines, pumping stations and appurtenances are owned and operated by the districts that the District wholesales water to, as described more fully in subsequent paragraphs.

In Improvement District No. 1, water transmission and storage facilities have been constructed and operated by the District.

All facilities to be constructed utilizing proceeds from the Bonds currently offered will be owned and operated by the District.

Water Supply

The Rio San Diego Municipal Water District presently obtains its water supply from the Colorado River by means of participation rights as a member of the San Diego County Water Authority, which in turn is a member of the Metropolitan Water District of Southern California described below. The District also has capacity rights by reason of an agreement with the Helix Water District, having purchased these rights with proceeds from a 1956 bond issue. The District has no water rights in local streams or water tables nor does it have any wells.

Beginning in Summer 1977 Feather River water from Northern California via the State Water Project will be made available to the San Diego County Water Authority and blended with the Colorado River water, as more fully described in the section of this official statement entitled "The Project."

Through its participation rights in the Authority, the District will receive its share of the blended water.

Metropolitan Water District

The Metropolitan Water District of Southern California is a public corporation organized in 1928 under the authority of the Metropolitan Water District Act. This act provides a means whereby groups of cities and certain other governmental subdivisions such as municipal water districts, not necessarily contiguous, may join together for the development of a water supply. The territory of the Rio San Diego Municipal Water District was annexed to the Metropolitan Water District after the former's formation and was charged an annexation fee equal to all back taxes plus 4% interest. As of June 30, 1975 the annexation charges to be paid by a special Metropolitan Water District tax totalled \$519,295. This amount is to be repaid by 1991. Metropolitan Water District basic and annexation taxes are collected at the same time and in the same manner as city, county and school district taxes.

San Diego County Water Authority

The San Diego County Water Authority was formed in 1944 under the County Water Authority Act for the purpose of transporting Colorado River water to supplement the local water supply. The Authority will also administer State Water Project water to its member agencies when said water becomes available in summer 1977. The first San Diego Aqueduct was constructed by the U.S. Bureau of Reclamation with Navy Department funds, repayable by annual payments by the Authority. The second aqueduct was constructed by the Authority, financed by a general obligation bond issue. The annexation charges owed by the Rio San Diego Municipal Water District, calculated in a similar manner to Metropolitan Water District annexation charges, totalled \$1,516 as of June 30, 1975 and will be repaid by 1980.

District Water Sales

The District purchases water from the San Diego County Water Authority and wholesales it to the Lakeside Irrigation District; Rio San Diego Municipal Water District—Improvement District No. 1; Riverview Water District; and the Santee County Water District. These districts in turn sell the water to their respective retail customers. The District also sells water to the County of San Diego for the

county-owned and operated El Monte Park. It should be noted that the four districts and the county are the sole customers of the Rio San Diego Municipal Water District.

Water Connections

The following tabulation presents a six-year summary of the number of connections for which the District provides water on a wholesale basis.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT

Water Connections

Year at June 30	Lakeside Irrigation District	Rio San Diego— Improvement District No. 1	Riverview Water District	Santee County Water District	Total
1971	2,267	1,054	2,015	6,381	11,717
1972	2,427	1,224	2,035	7,757	13,443
1973	2,587	1,369	2,055	8,612	14,623
1974	2,747	1,484	2,115	9,148	15,494
1975	2,907	1,580	2,338	9,486	16,311
1976	3,067	1,676	2,357	9,684	16,784

Source: Respective districts.

The administrative offices of the Padre Dam Water Resources Agency, a joint powers agency formed by the Rio San Diego Municipal Water District and the Santee County Water District. The two districts' administrative offices are located in the building, which was financed by a lease-revenue note.



Water Rates

The District passes on the cost of the water it purchases from the San Diego County Water Authority plus an \$8 per acre foot of water wholesale charge, or override, to the retail purveyors of the water. This rate became effective July 1, 1976 and doubled the previous \$4/acre foot rate. The District sells an average of 11,000 acre feet annually; therefore the wholesale charge is expected to generate approximately \$88,000 in 1976/77. The District charges San Diego County, on a monthly basis, \$3.50/1,000 cubic feet for the first 4,000 cubic feet, \$2.25/1,000 cubic feet for the next 8,000 cubic feet, and \$1.50/1,000 cubic feet for the excess over 12,000 cubic feet for water the county purchases for El Monte Park.

Each of the four retail water purveyors has graduated bi-monthly water rates as summarized in the tabulations following. The districts also have connection, installation, and other special charges not shown.

SANTEE COUNTY WATER DISTRICT

Bi-Monthly Water Rates*

I Domestic Use—Rates per 100 Gallons

Amount	Rate
First 7,500 gal.	\$.0588
Next 67,500 gal.	.0566
Next 75,000 gal.	.0543
Next 130,000 gal.	.0521
Next 300,000 gal.	.0455

II Commercial/Industrial Use—Rates per 100 Gallons

Amount	Rate
First 7,500 gal.	\$.0588
Next 67,500 gal.	.0566
Next 75,000 gal.	.0543
Next 150,000 gal.	.0521
Next 450,000 gal.	.0410
Next 5,250,000 gal.	.0402
Next 3,000,000 gal.	.0355
Next 6,000,000 gal.	.0341
Over 16,000,000 gal.	.0321

*Effective November 1, 1970; District has minimum bi-monthly charges ranging from \$8 to \$387 depending on meter size. Most domestic meters are \$8.

Source: Santee County Water District.

LAKESIDE IRRIGATION DISTRICT

Bi-Monthly Water Rates*

Amount	Rate
0-2,000 cu. ft.	\$9.00 minimum
2,000-4,000 cu. ft.	.44/100 c.f.
4,000-12,000 cu. ft.	.30/100 c.f.
Over 12,000 cu. ft.	.19/100 c.f.

*Effective March 1, 1976.

Source: Lakeside Irrigation District.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT IMPROVEMENT DISTRICT NO. 1

Bi-Monthly Water Rates*

Service Area	Per 1,000 Cubic Feet			
	First 6,000 c.f.	Next 37,560 c.f.	Next 87,120 c.f.	Over 130,680 c.f.
I	\$4.00	\$3.40	\$2.75	\$1.80
IIA & III ...	4.55	4.00	3.20	2.10
IIB & IVA ..	5.20	4.60	3.85	2.65
IVB	5.65	5.05	4.25	3.20
IVC	6.00	5.40	4.55	3.85

*Effective June 8, 1971.

Source: Rio San Diego Municipal Water District.

RIVERVIEW WATER DISTRICT

Bi-Monthly Water Rates*

Amount	Level	Rate
700 cu. ft.	N.A.	\$9.50 minimum
701-4,300 cu. ft.	1st	.45/100 c.f.
	2nd	.48/100 c.f.
	3rd	.51/100 c.f.
Over 5,000 cu. ft.	1st	.24/100 c.f.
	2nd	.26/100 c.f.
	3rd	.29/100 c.f.

*Effective June 1, 1976.

Source: Riverview Water District.

Santee Lakes

The Santee County Water District owns and operates water reclamation facilities that have become world-renowned. By converting sewage to usable water, it has created a series of seven recreational lakes around which it has constructed a public park. The park is used by approximately 300,000 persons annually for boating, fishing and picnicking.

Proposed Consolidation

The November 1976 ballot will include a measure whereby the Santee County Water District would

be dissolved. The former Santee district would then operate as a separate Improvement District of the Rio San Diego Municipal Water District. The Rio district would therefore retail water to the Santee area rather than wholesale it as at present, and would own and operate the sewerage system and recreational facilities of the former Santee district.

Since the Santee district is a self-supporting district in its entirety, it is not expected that there would be any financial effect on the Rio district other than a possible reduction in overall administrative costs as one level of government was removed.

One of the seven Santee lakes. These recreational facilities were formed by reclaimed water from the Santee County Water Districts' water reclamation facilities. Approximately 300,000 persons use the lakes and surrounding park annually.



DISTRICT FINANCIAL DATA

Assessed Valuations

The Rio San Diego Municipal Water District uses the facilities of San Diego County for the assessment and collection of taxes for District purposes. As a Municipal Water District, the District taxes all land, improvements and personal property within its boundaries that are subject to taxation. District taxes are collected at the same time and on the same tax rolls as are city, county and school district taxes. The California State Board of Equalization reports the 1975/76 San Diego County valuations averaged 24 percent of full value except for public utility property, which was reported to be assessed at 25 percent of full cash value by the state.

The California State Legislature adopted two types of State-reimbursed exemptions beginning in the tax year 1969/70. The first currently exempts 50 percent of the assessed valuation of business inventories from taxation. The second exemption currently provides a credit of \$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the county assessor.

Revenue estimated to be lost to local taxing agencies due to the above exemptions is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt values and therefore is not reduced by any amount for estimated or actual delinquencies. The following summary presents the District's 1975/76 assessed valuation before and after giving effect to such State-reimbursed exemptions.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT 1975/76 Assessed Valuations

Roll	Net Assessed Valuation	State- reimbursed Exemptions	Assessed Valuation for Revenue Purposes
Secured ...	\$115,767,443	\$21,208,880	\$136,976,323
Utility	8,292,990	—	8,292,990
Unsecured .	5,054,559	1,097,975	6,152,534
Total ..	\$129,114,992	\$22,306,855	\$151,421,847

Source: San Diego County Auditor-Controller.

Since 1971/72, the District's assessed valuation has increased 66 percent, as summarized in the tabulation on the next page.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT

Growth in Assessed Valuation

Fiscal Year	Assessed Valuation*
1971/72	\$ 91,455,895
1972/73	106,812,973
1973/74	122,773,978
1974/75	138,138,022
1975/76	151,421,847

*Before deduction of State-reimbursed exemptions.

Source: San Diego County Auditor-Controller.

Preliminary 1976/77 assessed valuations for the local secured and unsecured rolls only were reported by the San Diego County Auditor-Controller to total \$198,972,089, an increase of 39% over 1975/76 for the same two rolls. The 1976/77 utility roll assessed valuation is not yet available.

Tax Levies and Delinquencies

Taxes on the secured roll are payable in two installments on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are assessed and payable on March 1 and become delinquent the following August 31 in the next fiscal year.

The following tabulation shows the amount of secured taxes levied by the District, excluding the separate Improvement District No. 1 tax levy, for the

period 1970/71—1974/75, the amount and percent of current taxes delinquent on June 30 of each year and the total collections each year, including those from prior years, penalties and interest.

Tax Rates

The basic District property tax rate for the 1975/76 fiscal year was established at \$0.20 per \$100 assessed valuation. The growth of assessed valuation and the ability of the District to finance most of its development and service costs from water revenues have permitted this levy to remain at a constant \$0.20 per \$100/A.V. since 1970/71.

Under California statutory tax rate limitations, the District's maximum allowable ad valorem tax rate, other than to meet debt service on voter-approved general obligation bond issues, is \$0.20 per \$100 assessed valuation.

A total of 109 tax code areas were established within the District for the 1975/76 fiscal year. The two largest, Code Areas 86010 and 86024, had a 1975/76 assessed valuation of \$21,412,544 and \$18,641,222, respectively, or about 26 percent of the District's total assessed valuation. The tax rates applying to all property within both areas are the same and are presented in the tabulation on the page opposite.

Major Taxpayers

San Diego County does not compile a list of the largest ad valorem taxpayers in each particular taxing entity within the county.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT

Tax Levies and Delinquencies

Fiscal Year	District Secured Tax Levy ^①	Amount Collected June 30 ^①	Amount Delinquent June 30 ^①	Percent Delinquent June 30 ^①	Total Collections June 30 ^②	Percent Collected
1970/71	\$132,022	\$125,445	\$ 6,577	4.98%	\$128,853	97.7%
1971/72	166,179	161,479	4,700	2.83	168,139	101.1
1972/73	194,939	188,101	6,838	3.51	192,923	99.0
1973/74	198,747	189,623	9,124	4.59	196,844	99.0
1974/75	223,954	208,516	15,438	6.90	214,851	95.9

① Source: San Diego County Auditor-Controller.

② Source: Eggert and Baughman, CPA's (District's auditors); includes prior years' collections, penalties and interest.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT
1975/76 Tax Rates/\$100 A.V.
Tax Code Areas 86010 and 86024

Taxing Entity	Tax Rate
San Diego County	\$ 2.621
County Library	.173
Elementary schools	1.992
High schools	2.767
Community college	.924
Other education	1.156
County Service Area No. 69	.114
Flood control	.086
Fire protection district	1.393
Grossmont Hospital District	.200
Metropolitan Water District	.140
County Water Authority	.110
Rio San Diego Municipal Water District	.200
Total	\$11.876*

*Excludes \$.014 on land only for resource conservation (applicable to both code areas) and .239 on land and improvements only for lighting maintenance (code area 86024 only).

Source: San Diego County Auditor-Controller.

Pension Plan

The District maintains a contributory, self-trusted pension plan open to all full-time employees after they have completed one year of continuous service. The District's policy is to fund the pension cost accrued each year. Effective July 1, 1975, the District's portion of such cost became approximately 9% of the gross annual compensation of the participants in the plan. The participants are required to contribute 4% of their gross annual compensation. Each participant may, at his election, contribute up to an additional 10% of his gross compensation to the plan. The contributions purchase individual fixed or variable life annuity policies from Aetna Life and Casualty Company for each participant. There are no unfunded past service costs. As of July 1, 1976, 49 of the District's 67 full-time employees participated in the pension plan.

Insurance in Effect

As of July 1, 1976, the District had in effect the following insurance coverage: Bodily injury, property damage and auto fleet—\$1,000,000; Optional peril—\$875,500; Comprehensive on buildings and

other items ranging from \$1,000 to \$180,000, depending on item insured; and an umbrella excess liability coverage of \$5,000,000 for each occurrence with a \$10,000 retained limit.

Income, Expenses and Balance Sheet

Table 4 on page 17 presents a summary of the District's income and expenses since 1971/72. The figures for fiscal years 1971/72 through 1974/75 are extracted from the District's annual audit reports; those for 1975/76 are unaudited totals as of May 30, 1976.

The District uses a modified accrual enterprise method of accounting as required by the California State Controller. In general, income is recorded when earned and expenses are recorded upon incurrence of liability, except accrued interest on outstanding indebtedness which is payable from appropriations of the following year. The District budget is on a memorandum basis only and encumbrances are not recorded.

Table 5 on page 18 presents a three-year summary of the District's balance sheet, including fund balances, as audited. The District's unaudited June 30, 1976 unappropriated fund balance was \$1,742,658.

Direct and Overlapping Bonded Debt

As of the sale date of the Bonds currently offered, the District will have outstanding \$100,000 1956 general obligation bonds and \$5,000,000 1976 Series A Bonds to be sold August 17, 1976.

In addition, there will be \$2,450,000 in outstanding 1961 general obligation bonds for Improvement District No. 1 which are secured by tax revenues from that improvement district only. This includes \$600,000 to be sold August 17, 1976.

There are also \$200,000 principal amount general obligation bonds for Improvement District No. 2 that were authorized at a special election on December 10, 1968. The bonds have never been sold and there has been no activity within Improvement District No. 2. The District does not anticipate sale of these bonds in the foreseeable future.

Table 6 on page 19 presents the District's direct and estimated overlapping bonded debt as of the sale date of the Bonds currently offered. The District's share of authorized but unissued bonds is shown on p. 18.

Other Debt Obligations

The District has four other long-term debt obligations other than bonded indebtedness, as described in the following paragraphs.

First, the District has annexation charges payable to the Metropolitan Water District and San Diego County Water Authority for participation rights in the two agencies. As of June 30, 1975, the total payable to the Metropolitan Water District was \$519,295 and \$1,516 to the Authority. The annexation charges are repaid through ad valorem taxes levied directly on property owners by the two agencies being repaid. The annexation fees will be fully repaid to the Metropolitan Water District in 1991 and to the Authority in 1980.

Second, the District contracted with the City of San Diego in 1960 to purchase a portion of the El Capitan pipeline which connects the district system with the San Diego Aqueduct. As of the date of the bonds currently offered, the District will have outstanding \$105,000 of this debt, to be fully paid in three equal annual installments, the last falling due July 1, 1979.

Third, the District has a lease obligation to the Padre Dam Water Resources Agency for a share ($41\frac{2}{3}\%$) of the District administrative offices. The

building was financed by an Agency revenue note under a joint exercise of powers agreement between the Rio San Diego Municipal Water District and the Santee County Water District. The District's annual base rental obligation is \$20,661 and the note will be retired in April 1989. In addition to base rental, the District is required to meet one-third of additional costs incurred by the joint powers agency.

In addition, the District is party to ten reimbursement contracts with consumers who have made contributions to the District to aid in the construction of water and sewer facilities. Of these, nine are for water facilities in Improvement District No. 1 and one is for a sewer line in the Santee area. These contracts are to be repaid as new connections are made to the extensions solely by those connecting to such extensions. Only connections made within ten years from the date of each contract qualify for repayment; the contracts are void after that date. Since the amount of repayment is uncertain because it is based on connections that may or may not be made, these contracts are not shown as a fixed liability of the District. The District's auditors reported the maximum amount repayable as of June 30, 1975, for all ten reimbursement contracts, amounted to \$26,038 for sewer facilities and \$117,427 for water facilities—a total of \$143,465.

Table 4

RIO SAN DIEGO MUNICIPAL WATER DISTRICT

Income and Expenses^{①②}

	1971/72	1972/73	1973/74	1974/75	1975/76
OPERATING INCOME:					
Water sales	\$654,950	\$701,455	\$ 880,540	\$ 933,224	\$ 977,423
Connection fees	81,343	78,593	97,437	155,467	91,122
Total operating income	\$736,293	\$780,048	\$ 977,977	\$1,088,691	\$1,068,545
OPERATING EXPENSES:					
Water purchases	\$465,738	\$497,296	\$ 646,702	\$ 715,263	\$ 720,693
Pumping and storage	37,226	40,804	49,247	103,601	153,949
Water treatment	4,990	5,160	4,351	1,943	2,255
Transmission and distribution	75,298	69,722	80,372	124,064	166,526
Customer accounts	6,389	11,309	14,705	8,177	9,639
Administrative and general	86,597	91,647	124,546	207,157	323,422
Depreciation, less overhead	88,426	93,284	102,143	66,999	99,995
Total operating expenses	\$764,664	\$809,222	\$1,022,066	\$1,227,204	\$1,476,479
Net operating income (loss)	\$(28,371)	\$(29,174)	\$ (44,089)	\$ (138,513)	\$ (407,934)
NON-OPERATING INCOME:					
Property taxes	\$445,177	\$480,361	\$ 535,686	\$ 556,402	\$ 706,466
Interest income	49,613	46,340	113,630	146,161	67,595
Other	47,275	203,323	124,577	245,717	224,150
Total non-operating income	\$542,065	\$730,024	\$ 773,893	\$ 948,280	\$ 998,211
NON-OPERATING EXPENSES:					
Interest expense ^③	\$124,724	\$114,534	\$ 104,896	\$ 103,720	\$ 97,295
Other	29,247	2,642	25,437	2,133	2,210
Total non-operating expenses	\$153,971	\$117,176	\$ 130,333	\$ 105,853	\$ 99,505
NET INCOME	<u>\$359,723</u>	<u>\$583,674</u>	<u>\$ 599,471</u>	<u>\$ 703,914</u>	<u>\$ 490,772</u>

① 1971/72-1974/75 extracted from District audits by Eggert and Baughman, CPAs, copies on file at District office. 1975/76 unaudited totals prepared by District as of May 30, 1976.

② All figures pertain to entire District, including Improvement District No. 1. (Improvement District No. 2 is not operational.)

③ Includes bond interest.

Table 5
RIO SAN DIEGO MUNICIPAL WATER DISTRICT
Balance Sheet^{①②}

	June 30, 1973	June 30, 1974	June 30, 1975
ASSETS			
Plant, less accumulated depreciation	\$3,685,850	\$3,805,242	\$3,966,070
Construction in progress	—	—	445,581
Participation rights—MWD	936,980	936,980	936,980
Participation rights—County Water Authority	124,100	124,100	124,100
Cash in bond funds	145,301	121,354	144,828
Other assets—general funds	77,659	47,656	61,706
Cash in banks	1,245,626	1,684,147	1,623,104
Water accounts receivable	84,344	113,105	100,369
Other current assets	42,609	45,679	51,731
Total Assets	<u>\$6,342,469</u>	<u>\$6,878,263</u>	<u>\$7,454,469</u>
LIABILITIES			
Notes payable	\$ 40,000	\$ —	\$ —
General obligation bonds payable	2,190,000	2,130,000	2,045,000
Contract payable—City of San Diego	200,000	200,000	170,000
Annexation charges payable	574,626	544,301	520,811
Less: Current portion long-term debt	(130,000)	(145,000)	(115,000)
Special fund liabilities	1,978	2,511	1,878
Accounts payable	81,514	117,002	104,018
Other current liabilities	21,037	27,352	34,263
Current portion long-term debt	130,000	145,000	115,000
Subtotal Liabilities	<u>\$3,109,155</u>	<u>\$3,021,166</u>	<u>\$2,875,970</u>
RESERVES AND FUND BALANCES			
Reserve for uncollectibles	\$ 38,669	\$ 32,656	\$ 26,653
Bond fund balances	143,323	118,843	142,950
Unappropriated fund balances	1,269,018	1,713,578	1,671,976
Investment in fixed assets	1,782,304	1,992,020	2,736,920
Subtotal Reserves and Fund Balances	<u>\$3,233,314</u>	<u>\$3,857,097</u>	<u>\$4,578,499</u>
Total Liabilities, Reserves and Fund Balances	<u>\$6,342,469</u>	<u>\$6,878,263</u>	<u>\$7,454,469</u>

① From audit reports of District by Eggert and Baughman, CPAs, copies on file at District office.

② Figures for entire District, including Improvement District No. 1. (Improvement District No. 2 is not operational.)

District's Share of Authorized and Unsold Bonds

Rio San Diego Municipal Water District	\$3,400,000	Alpine Sanitation District	\$295,000
Rio San Diego Municipal Water District, ID #2	200,000	Lakeside Union School District	415,234
		LaMesa School District	40

Source: California Municipal Statistics, Inc., San Francisco, California.

Table 6

RIO SAN DIEGO MUNICIPAL WATER DISTRICT

Direct and Estimated Overlapping Debt

Population (April 1975)	72,274 ^①	
1975/76 Assessed Valuation	\$151,421,847	
Estimated Market Value	\$629,493,000 ^②	
Entity	Percent Applicable ^③	Debt Applicable August 17, 1976 ^④
San Diego County	2.661%	\$ 102,049
Metropolitan Water District	0.383	2,076,737
San Diego County Water Authority	2.795	1,529,144
Rio San Diego Municipal Water District	100.	5,100,000 ^⑤
Rio San Diego Municipal Water District, ID No. 1	98.582-100.	2,423,767 ^⑥
Grossmont Community College District	18.158	1,127,611
Grossmont Union High School District (various issues)	18.158-18.359	1,770,531
Alpine Union School District	81.562	453,484
Lakeside Union School District (various issues)	81.742-85.439	1,350,905
Santee School District (various issues)	75.290-85.540	2,890,841
Other school districts	Various	263,729
Santee County Water District	86.262	2,855,272
Other cities and special districts	Various	536,689
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT ..		\$22,480,759
Less: Santee County Water District and Helix Water District (100% self-supporting)		2,855,449
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT ...		\$19,625,310

	Ratio to		
	1975/76 Assessed Valuation	Estimated Market Value	Per Capita
1975/76 Assessed Valuation	100.00%	② %	\$2,096
Direct Debt	3.37	.81	71
Gross Total Debt	14.85	3.57	311
Net Total Debt	12.96	3.12	272

① Source: Special April 1975 census conducted by San Diego County.

② The State Board of Equalization reported 1975/76 San Diego assessed valuations averaged 24 percent of full value except for public utility property which was reportedly assessed at 25 percent of full value.

③ Source: California Municipal Statistics, Inc., San Francisco, California.

④ Excludes District's share of county and authority lease obligations (\$3,394,451). Excludes sales and repayments, if any, between July 10 and August 17, 1976.

⑤ Includes \$5,000,000 to be sold August 17, 1976.

⑥ Includes share of \$600,000 to be sold August 17, 1976.

ECONOMY OF THE DISTRICT

Geography

The Rio San Diego Municipal Water District is located approximately 25 miles east of the City of San Diego in the south-central part of San Diego County. It is immediately north and east of the City of El Cajon. The District comprises about 85 square miles at average elevations ranging from 400 to 2,500 feet above sea level. Since an extensive freeway network serves the District, residents have access to the entire San Diego Metropolitan area for employment, commercial and cultural endeavors.

Population

The District's April 1975 population was reported to be 72,274 by a special census conducted by San Diego County. This is based on census tracts that are substantially or entirely within the District, and represents a 40.3% increase since 1970. Within Improvement District No. 1, the increase since 1970 was 63.9%. The tabulation below presents census data since 1960, the first census after the District's formation in 1955.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT Population Growth

Year	District, Excluding I. D. No. 1	I. D. No. 1	Total District
1960① ...	24,755	5,799	30,554
1970① ...	42,527	8,979	51,506
1975② ...	57,558	14,716	72,274

① U.S. Census.

② San Diego County Planning Office special census.

Housing

The aforementioned April 1975 special census conducted by the county reported that there were 26,895 dwelling units in those census tracts substan-

tially within the District, of which 18,963 were single-family, 2,525 multi-family and 5,407 mobile homes. The 1970 Federal Census reported a total of 15,755 dwelling units in the same census tracts. The District estimates the average home value to be \$45,000, with a range from \$30,000 to over \$100,000. Average rent is estimated at \$200 per month.

Within Improvement District No. 1 only, the special census reported 5,928 dwelling units, of which 4,170 were single-family, 398 multi-family and 1,360 mobile homes. The District estimates average home values to be \$54,000 within the Improvement District.

Principal District Communities

The District is mostly unincorporated but includes part of the City of El Cajon and all or parts of the communities of Alpine, Harbison Canyon, Crest, Flinn Springs, Lakeside, Santee and surrounding areas.

The largest of these is Santee, with an April 1975 population reported to be 34,536. The community is principally residential in nature with a growing commercial base. The San Diego Chamber of Commerce reported 518 retail establishments in Santee as of August 1973 (latest available data).

The second largest community, with an April 1975 population of 23,022, is Lakeside. The area has continued to grow as a residential community with accompanying commercial development.

Alpine, Harbison Canyon, Crest and Flinn Springs, located within Improvement District No. 1, had an April 1975 population of 14,716, based on the three census tracts within the improvement district. Land use is principally residential with some commercial development.

Building Activity

Total building permit valuations are not reported for separate unincorporated communities in San Diego County. However, the Economic Research Bureau of San Diego compiles new dwelling unit valuations on a census tract basis and it is believed that the majority of new construction within the District has been of a residential nature. The tabulation on the next page summarizes dwelling unit construction within the District for the period 1970-75.

RIO SAN DIEGO MUNICIPAL WATER DISTRICT

New Dwelling Units/Valuations

Year	I. D. No. 1 ^①		Entire District ^②	
	Number Units	Valuation	Number Units	Valuation
1970 ...	66	\$1,379,000	1,469	\$21,483,000
1971 ...	229	4,748,000	2,505	39,191,000
1972 ...	193	6,800,000	2,209	40,871,000
1973 ...	172	4,427,000	2,393	35,810,000
1974 ...	118	3,742,000	245	7,437,000
1975 ...	142	5,350,000	308	11,398,000

① Data for Alpine, Harbison-Crest and Flinn Springs census tracts.

② Data for Alpine, Harbison-Crest, Flinn Springs, Lakeside and Santee census tracts.

Source: Economic Research Bureau of San Diego.

Sewer and Building Moratoriums

As reflected in the new dwelling unit statistics, a sewer hook-up moratorium was imposed on part of the District served by sewerage agencies in May

1973 by the Regional Water Quality Control Board. However, subsequent connection to the San Diego Metropolitan Sewerage System has satisfied water quality control standards for that area.

At the same time, the San Diego County Board of Supervisors imposed a building moratorium on the areas receiving sewer service, which is still partially in effect. The only allowable new connections since May 1973 have been in certain limited areas or for those having a legal building site at the time of the moratorium. Other areas in the District, which utilize septic tanks, are not subject to the moratorium. Only a small portion of Improvement District No. 1 is subject to the sewer moratorium.

This moratorium will remain in effect until a master plan for growth for the area is developed and accepted by both the San Diego County Board of Supervisors and San Diego City Council. A draft plan has been developed by the County, but the District cannot at the present time estimate when the plan will be accepted and the moratorium lifted. Until the moratorium is lifted, it is expected that District assessed valuations will increase at a lesser rate than in the past.

The Parkway Plaza regional shopping center, while located outside the District in adjacent El Cajon, is a major center serving District residents.



Employment

Employment statistics are not compiled for the District area alone. The California State Employment Development Department compiles statistics for the labor market including all of San Diego County. Most of the county employment centers are within commuting distance of District residents. The tabulation below presents a summary of employment for the San Diego Labor Market Area for April 1975 and 1976.

SAN DIEGO LABOR MARKET AREA

April 1975 and 1976 Employment

Type of Employment	April 1975	April 1976
Agriculture	8,500	9,300
Mining	500	500
Construction	18,300	19,600
Manufacturing	72,800	70,200
Transportation, Communications and Utilities	22,700	22,300
Trade, Wholesale and Retail ...	106,900	111,100
Finance, Insurance and Real Estate	24,300	25,300
Services	95,400	97,700
Government	126,600	129,100
TOTAL	476,000	485,100
Seasonally adjusted unemployment rate	11.9%	11.5%

Source: California State Employment Development Department.

Commerce

The District has a number of local commercial areas with a wide range of shops and other outlets, principally in Santee. The center of trade in the general area is the City of El Cajon, where there are many shopping areas including the 80-acre Parkway Plaza regional shopping center. The center, the largest in San Diego County, was completed in 1972 and has 83 specialty shops. In addition Sears has a 285,000 square foot store, the May Company a 110,000 square foot store and Woolworth's a 100,000 square foot unit. The entire Parkway Plaza center is covered, providing climate-controlled shopping and mall areas throughout.

Statistics for taxable transactions are not compiled for the District separately. However, as an indicator of general commercial activity, the following tabulation presents a five-year summary of taxable transactions for both the City of El Cajon and San Diego County, as reported by the State Board of Equalization.

Taxable Transactions (\$000)

Year	City of El Cajon	San Diego County
1971	\$166,939	\$2,777,201
1972	215,291	3,293,149
1973	263,720	3,833,391
1974	290,882	4,296,856
1975	326,753	4,740,460

Source: State Board of Equalization.

A recently completed neighborhood shopping center located in Santee, in the western portion of the District.



Industry

There are no major industries located within the District. However, in the adjacent City of El Cajon and environs there are a number of large employers.

Industry in the area has grown at a rapid pace since 1951, when that city established one of the first industrial parks in San Diego County. The El Cajon Industrial Park, containing approximately 450 acres, was set aside and zoned for light industrial use by the city to attract new industry to the community. As a result of the city's industrial development program, over 100 new industries with total annual payrolls exceeding \$30,000,000 have located in the area in the last ten years, most of which have established their operation in the industrial park. Now over 50 percent developed, the city's industrial park offers ideal location, easy accessibility, proper zoning, and all streets and required utilities in place.

A well diversified group of over 200 manufacturing, processing and distribution firms are located throughout the areas zoned for industrial use within the El Cajon community area. Among the numerous industrial firms that have chosen to locate in the area, the largest in terms of 1974 employment (latest statistics available) are (number of employees in parenthesis); Ametek, Straza Industries (600)—aircraft parts; Stromberg DatagraphiX (450)—data processing components; Buck Knife, Inc. (300)—cutlery; Vanier Graphics Corp. (190)—business forms; Jet Air, Inc. (225)—machining; and Wilpac Manufacturing Co. (185)—machining.

Major non-manufacturing employers include El Cajon Valley Hospital (400); City of El Cajon (400); San Diego Gas & Electric (275); Sears, Roebuck & Co. (275); Montgomery Ward Warehouse (225); and Travelodge International (185).

Although the major factor contributing to the area's increasing industrial development is probably the timely establishment of a large well-planned industrial park, other important factors include: (1) the direct freeway connection between the El Cajon Valley and San Diego (Interstate 8); (2) the development of Gillespie Field, a county-owned airport located in the District and immediately north of the industrial park, as the principal executive aircraft landing field in the county; (3) direct rail service from local industrial sites to San Diego main line connections; and (4) the attractive living conditions for which the El Cajon Valley and surrounding areas are noted. Much of the land within the Gil-

lespie Field area is zoned or designated for present or future industrial development.

In addition to the nearby El Cajon community area, the District is approximately 25 miles from the San Diego industrial complex that has developed in the metropolitan area since the 1940's. More than 1,200 manufacturing companies are located in the county and the majority of these are within the San Diego Metropolitan Area. Based on reported payrolls, the major industrial groups are aircraft-missile and related industries, food processing, printing and publishing, electrical and non-electrical machinery, shipbuilding, fabricated metals, and wearing apparel. According to the most recent San Diego Chamber of Commerce survey, the total value of manufactured products in 1974 (latest available data) approximated \$2.45 billion.

Transportation

The District is served by State Route 67 and Interstate 8. These freeways provide connections to Interstate 15, Interstate 5, and Interstate 805, providing access to the Los Angeles area and other points throughout California and beyond.

Approximately 20 local and transcontinental trucking firms serve the area in the vicinity of the District and provide overnight delivery to Los Angeles and San Francisco, California, and Phoenix, Arizona. Local and commuter bus service is provided in the District by the San Diego Transit System, and long distance service is provided by Greyhound Lines and Continental Trailways in adjacent El Cajon.

The San Diego and Arizona Eastern Railroad, a subsidiary of the Southern Pacific Company, extends a branch line into El Cajon and connects with the main line of the Santa Fe Railway in San Diego. Local spur lines furnish extensive freight service to the industrial areas adjacent to the District.

San Diego County maintains a modernized, well-equipped general aviation airport in Santee, which is within the District. Gillespie Field features three heavy-duty runways, FAA control tower operation, and complete aircraft service and storage facilities. Conveniently located in relation to the San Diego Metropolitan Area, Gillespie Field serves as the principal airport for business and transient aircraft use in the county. Air service to all parts of the state, nation and abroad is available at San Diego International Airport in San Diego.

Education

Elementary and high school education is provided to District residents principally by the Alpine Union School District, Lakeside Union School District, Santee School District and Grossmont Union High School District. The District is also located within the Grossmont Community College District, which operates Grossmont College, a two-year community college.

Located within easy commuting distance are a number of well known institutions of higher learning: San Diego State University, the University of San Diego, United States International University and the University of California at San Diego. The University of California contributes to area research activities and is the home of the world-renowned Scripps Institute of Oceanography.

Gillespie Field, a county-owned and operated general aviation airport located in the District. Immediately south of the airport is the El Cajon Industrial Park, containing about 450 acres for industrial use.

Community Facilities

Located within the District are three county parks and a park owned by the Santee County Water District. The latter park is the previously discussed Santee Lakes, developed utilizing reclaimed water. In addition there are a number of school playgrounds available to District residents. There are nine golf courses in the area with two located within the District. The County maintains public libraries in Alpine, Lakeside and Santee. The District and surrounding community is served by most major banks and savings and loan institutions.

Three general hospitals with a total bed capacity of over 450 are located in adjacent El Cajon. There are over 150 physicians and surgeons, dentists, optometrists and chiropractors practicing within the District and El Cajon.



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